

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 DHA-02

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R 041358Z MAY 77

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 7365

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ELAB, PFOR, MT

SUBJECT: UNEMPLOYMENT BECOMING AN EVER-MORE SERIOUS PROBLEM

REF: VALLETTA 0484,

1. SUMMARY: OFFICIAL STATISTICS OF THE GOVERNMENT OF MALTA INDICATE AN UNEMPLOYMENT RATE OF 4.5 PERCENT OF A TOTAL WORK FORCE OF SOME 115,000. BECAUSE THIS FIGURE DOES NOT INCLUDE SOME 8,000 WORKERS ENROLLED IN VARIOUS GOVERNMENT SPONSORED WORK CORPS, IT GIVES A COMPLETELY MISLEADING PICTURE OF THE UNEMPLOYMENT PROBLEM IN MALTA. THE SERIOUSNESS OF THE PROBLEM WAS BROUGHT TO THE FORE ON APRIL 26 WHEN, IN A COMPLETE REVERSAL OF POLICY, THE GOM ANNOUNCED THAT RETURNING MIGRANTS WOULD NOT BE PERMITTED TO SEEK EMPLOYMENT THROUGH REGISTRATION WITH THE GOVERNMENT

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EMPLOYMENT OFFICE. THUS FAR THE ONLY EFFECTIVE METHOD USED BY THE LABOR GOVERNMENT OF PRIME MINISTER MINTOFF TO COMBAT UNEMPLOYMENT HAS BEEN TO CREATE PARA-MILITARY WORK CORPS. ON APRIL 25, THE CREATION OF YET ANOTHER SUCH CORPS, THE FOURTH NOW EXISTING, WAS ANNOUNCED BY MINTOFF IN A TELEVISED ADDRESS TO THE NATION. THE UNEMPLOYMENT PROBLEM WILL BE ACCENTUATED BY THE WITHDRAWAL

OF ALL BRITISH MILITARY FORCES FROM MALTA. END SUMMARY

2. LIKE OTHER GOVERNMENTS BEFORE IT, THE CURRENT LABOR PARTY ADMINISTRATION HAS BEEN UNABLE TO COME TO GRIPS WITH MALTA'S ENDEMIC UNEMPLOYMENT PROBLEM. THE SERIOUSNESS OF THE PROBLEM HAS BEEN DELIBERATELY OBSCURED BY UNREALISTIC "OFFICIAL UNEMPLOYMENT FIGURES" WHICH DO NOT TAKE INTO ACCOUNT THOUSANDS OF WORKERS WHO ARE MEMBERS OF VARIOUS GOVERNMENT SPONSORED WORK CORPS.

3. IN A TELEVISED SPEECH ON APRIL 25, PRIME MINISTER MINTOFF ANNOUNCED THE CREATION OF YET ANOTHER GOVERNMENT WORK CORPS. CALLED BAHHAR U SEWWI (SAIL AND REPAIR), THE NEW CORPS TAKES ITS PLACE ALONG WITH THE EMERGENCY LABOR CORPS, PIONEER CORPS, DIRGHAJN IL MALTIN, IZRA U RABBI, AND A GROUP OF SO-CALLED "AUXILIARY WORKERS" ON THE GOVERNMENT PAYROLL. THE ANNOUNCED PURPOSE OF THE NEW CORPS IS TO ORGANIZE FLYING MAINTENANCE TEAMS TO PROVIDE SERVICE FOR COUNTRIES IN THE MEDITERRANEAN REGION WHICH LACK ADEQUATE EQUIPMENT AND MACHINERY MAINTENANCE CAPABILITY.

4. BAHHAR U SEWWI HAS BEEN DERISIVELY RECEIVED BY MANY MALTESE, WHO BECAUSE OF THEIR CLOSE FAMILY TIES, DO NOT LIKE TO STRAY FROM THEIR ISLAND HOME. SOME THIRTY WORKERS RECENTLY DISCHARGED FROM JOBS WITH THE BRITISH FORCES, THE FIRST OF NEARLY 3700 WHO WILL BE MADE REDUNDANT BY THE RUN-DOWN AND EVENTUAL WITHDRAWAL OF OF ALL BRITISH FORCES FROM MALTA, HAVE REFUSED TO JOIN THE LIMITED OFFICIAL USE

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NEW CORPS AND STORMED OUT OF A MEETING WITH PRIME MINISTER MINTOFF ON THE SUBJECT.

5. ALTHOUGH MINTOFF MADE NO REFERENCE TO IT IN HIS SPEECH, ANOTHER NEW LABOR-RELATED MEASURE WAS ANNOUNCED BY THE GOM THE FOLLOWING DAY, APRIL 26. UNDER THIS NEW DECREE, FOR A TWO YEAR PERIOD BEGINNING MAY 1, 1977, NO MALTESE MIGRANTS RETURNING TO MALTA WILL BE ALLOWED TO REGISTER FOR EMPLOYMENT WITH THE GOVERNMENT EMPLOYMENT OFFICE. ACCORDING TO THE GOVERNMENT ANNOUNCEMENT, THIS STEP WAS NECESSARY "BECAUSE OF EXISTING HIGH UNEMPLOYMENT IN MALTA AND BECAUSE OF THE ADDITIONAL BURDEN PLACED ON THE ECONOMY BY THE GROWING NUMBER OF RETURNING MIGRANTS." (IN 1975 AND 1976, RESPECTIVELY, RETURNING MIGRANTS NUMBERED APPROXIMATELY 3000 AND 2500.)

6. THIS RESTRICTION ON RETURNING MIGRANTS MARKS A COMPLETE REVERSAL OF POLICY BY THE CURRENT LABOR PARTY ADMINISTRATION. UPON TAKING OFFICE IN 1971, IT LOUDLY

BOASTED THAT IT WOULD CREATE ENOUGH JOBS TO ALLOW ALL MALTESE TO RETURN TO THEIR HOMELAND. NOT ONLY HAS MINTOFF BEEN UNABLE TO MAKE GOOD HIS BOAST, HE HAS NOW CREATED A SECOND CLASS CITIZENSHIP FOR RETURNING MIGRANTS. THIS STEP IS OF QUESTIONABLE LEGALITY UNDER THE CONSTITUTION, WHICH GUARANTEES ALL MALTESE THE RIGHT TO WORK, AND IT MAY BE CHALLENGED IN THE COURTS.

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7. ANOTHER AREA WHERE LABOR UNREST IS BEING FELT IS IN THE 28,000 MEMBER GENERAL WORKERS' UNION (GWU), THE BACKBONE OF THE LABOR PARTY'S POLITICAL SUPPORT. GWU GENERAL SECRETARY ATTARD KINGSWELL, A LONG TIME UNION LEADER IN MALTA, WHO ONLY RECENTLY RETURNED TO HIS OLD JOB AFTER HAVING SERVED SOME FIVE YEARS AS MALTA'S ROVING AMBASSADOR, HAS BEEN SUSPENDED FROM HIS POSITION AS A RESULT OF MACHINATIONS WITHIN THE GWU EXECUTIVE BOARD. ALTHOUGH EXACTLY WHAT HAPPENED IS UNCERTAIN, THERE IS CLEARLY A STRONG AND GROWING DIFFERENCE OF OPINION WITHIN THE GWU OVER ITS PREVIOUSLY DOCILE ACCEPTANCE OF MINTOFF'S POLICIES, PARTICULARLY IN THE LABOR FIELD. THE UNREST IN THE UNION RANKS IS SUCH THAT EVEN THE LETHARGIC OPPOSITION NATIONALIST PARTY IS BEGINNING TO MAKE NOISES

ABOUT ORGANIZING A MORE INDEPENDENT UNION MOVEMENT.

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8. THE LACK OF SUCCESS OF MINTOFF'S GOVERNMENT-CONTROLLED INDUSTRIAL DEVELOPMENT PROGRAM IS BECOMING EVER MORE CLEAR, AND THE ILLUSIONARY FICTION OF AN "OFFICIAL" UNEMPLOYMENT RATE OF 4.5 PERCENT NO LONGER SUFFICES. SEVERE UNEMPLOYMENT HAUNTS MINTOFF AND THE SPECTER BECOMES EVER MORE THREATENING AS THE MILITARY FACILITIES AGREEMENT WITH THE UK APPROACHES ITS MARCH, 1979 TERMINATION DATE. OF MALTA'S 115,000 WORK FORCE, SOME 5,000 ARE OFFICIALLY UNEMPLOYED, WHILE NEARLY 8,000 ARE MEMBERS OF VARIOUS WORK CORPS, OVER 10,000 ARE IN NUMEROUS PARASTATAL FIRMS OF DOUBTFUL VIABILITY, AND ABOUT 20,000 ARE ON THE CIVIL SERVICE PAYROLL. THIS LEAVES ONLY ABOUT 72,000 PRIVATE SECTOR WORKERS SUPPORTING MALTA'S 320,000 INHABITANTS. IN HIS APRIL 25 SPEECH, MINTOFF NOTED THAT SOME DOLS 280 MILLION NEW INVESTMENT WILL BE REQUIRED TO GENERATE 12,000 ADDITIONAL JOBS, THAT TOURISM MUST INCREASE TO 500,000 (FROM SOME 340,000 IN 1976) AND THAT FOREIGN EXCHANGE EARNINGS OF SOME 33 MILLION DOLLARS IN ANNUAL RENT FROM THE BRITISH MILITARY FACILITIES MUST BE REPLACED, ALL BY MARCH 1979.

9. MINTOFF'S SELF IMPOSED GOALS TRANSLATE TO A MONTHLY REQUIREMENT OF US DOLS 12 MILLION IN NEW INVESTMENT AND 500 NEW JOBS OVER THE NEXT TWO YEARS, AN AIM NOT LIKELY TO BE REALIZED, CERTAINLY NOT WITHOUT DRASTIC NEW DEVELOPMENTS. IT IS NOTEWORTHY THAT SOME 1400 WORKERS, 2 PERCENT OF THE TOTAL PRIVATE SECTOR WORK FORCE, ARE EMPLOYED BY THE 100 PERCENT US-OWNED FIRM BLUE BELL, MAKERS OF WRANGLER JEANS. EXPORTS BY BLUE BELL ACCOUNT FOR ROUGHLY 25 PERCENT OF TOTAL MALTESE DOMESTIC EXPORTS.
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